CD 700-1

Automotive News

April 7, 1986

©Entire contents copyright, 1986, by Crain Automotive Group, inc. All rights reserved.
Reproduction or use of editorial content in any manner without permission is strictly prohibited.

60th year—$50.00 per year, $1.25 per copy

GM and Hughes: Perfect mates

By Michelle Krebs
Financial Editor

EL SEGUNDO, Calif.—Donald Atwood, president of the new General Motors Hughes Electronics Corp. (GMHE), describes the GM-Hughes marriage as the total truly being greater than the sum of its parts.

Hughes Aircraft Co. offers GM technology that the auto maker can use in its products and factories of the future. Hughes also is a good business investment on its own.

GM, on the other hand, provides Hughes with expertise in high-volume manufacturing.

Together, the two companies can take advantage of business opportunities that otherwise would not be available to them individually.

Three months after the consummation of the largest non-oil hookup, the potential for the two companies individually and combined is becoming clearer.

GM won a bidding contest for the highly sought after Hughes last summer. In December, 1985, GM paid the Howard Hughes Medical Institute $2.7 billion in cash and 50 million shares of stock in GM Hughes Electronics, a subsidiary made up of Hughes, GM's Delco Electronics and portions of other GM electronic divisions.

Computer gives instructions for assembly

"GMHE is the embodiment of the word synergy," Atwood said in an interview with Automotive News, "because if I take two independent companies, Hughes and Delco, both strong, both headed in one direction—Delco in its automotive business, Hughes in its defense and space business—and put them together, they are both individually stronger than they would be without the other."

At the top of the list of jobs to be done is the transfer of Hughes' technology to GM.

"It is the mission of GMHE to effect the transfer

Please turn to Page 53, Col. 1

Japanese makes head the list in sales per dealer

By Jenny L. King
Detroit Reporter

The sales-per-franchise story is import dealers, especially those with Japanese franchises, are selling cars in record numbers.

In 1985, they were numbers that stunned even lively imaginations.

Honda dealers averaged 640 new-car sales per outlet. Mitsubishi dealers tallied 598 new cars per outlet. Toyota averaged 572, and Nissan weighed in at 520.

Compare those numbers with those of the domestic leaders: Oldsmobile at 334 sales per franchise, Chevrolet at 331 per outlet and Ford at 295 per dealer.

New-car sales, up just over 6 percent in 1985 compared with 1984, included a modest 3-percent climb for domestics and a 16-percent increase for imports. Import sales set a record.

The import dealer population swelled to an alltime high with an influx of import franchises, largely Chevrolet Sprint/Spectrum and Lincoln-Mercury Merkur captives. The domestic dealer total was down slightly for the year.

The overall average number of new-car sales per outlet for calendar year 1985 was 445, up from 420 in 1984. Two years ago, as the sales recession was turning around, the overall average was 374.

Domestic dealers averaged 393 sales per dealership in 1985, up from 380 a year earlier. The 1983 domestic average was 330 in 1983.

The 1985 average of 192 for import dealerships was down from 222 in 1984 due to the swelled dealer population. In 1983, import dealers had an average of 235.

When total truck sales, which also hit a record high in 1985, were folded in, the sales per outlet for some franchise holders rose tremendously. Mitsubishi figured to 920 cars-truck sales per dealer. Toyota was at 874, Nissan at 751,

Please turn to Page 57, Col. 1

CAR-TRUCK SALES PER OUTLET

FULL YEAR

Make	1985	Position
Mitsubishi	920	— 1
Toyota	874	— 2
Nissan	751	— 3
Honda	640	— 4
Chevrolet	586	— 5
Ford	565	— 6
Mazda	429	— 7
Oldsmobile	334	— 8
Dodge	297	— 9
Buick	285	— 10
Pontiac	265	— 11
Volvo	257	— 12
Volkswagen	246	— 13
Subaru	219	— 14
Mercedes	207	— 15
BMW	204	— 16
Isuzu	199	— 17
Mercury	186	— 18
Cadillac	185	— 19
Audi	182	— 20
Plymouth	146	— 21
AMC	133	— 22
GMC	128	— 23
Chrysler	124	— 24
Jaguar	120	— 25
Saab	115	— 26
Lincoln	104	— 27
Renault	87	— 28
Porsche	78	— 29
Peugeot	53	— 30
Dodge Imports	43	— 31
Alfa Romeo	33	— 32
Maserati	24	— 33
Chevrolet Imports	21	— 34
Plymouth Imports	17	— 35
Merkur	12	— 36

$1 billion order due for Grumman

By Geoff Sundstrom
WashingtonReporter

WASHINGTON—Grumman Allied Industries is expected to receive a contract from the U.S. Postal Service this week for 99,150 vehicles valued at $1.1 billion.

General Motors will supply Grumman with the vehicle chassis, engine and transmission. GM said the vehicle is based on a GM S-10 Blazer platform.

A Grumman spokesman said the vehicle will be assembled at the Grumman Allied Industries truck plant in Montgomery, Pa. The company employs 230 workers at its Montgomery plant and expects to hire "upwards of 200" more once the contract is awarded.

Grumman currently assembles Olson truck bodies at the central

Pennsylvania facility. The contract will roughly double Grumman's truck business.

The contract calls for 1,100 vehicles per month to be delivered during an eight-year period, with an option for 59,000 additional vehicles.

A competing vehicle built by LTV Co.'s AM General Division and a vehicle designed by a consortium headed by Fruehauf Corp. are also in the running. They are considered weak contenders, however, because prototypes supplied by those companies failed 24,000-mile tests conducted last year at Uniroyal's test track in Laredo, Tex.

The Postal Service's board of governors will award the contract at tomorrow's (April 10) meeting in Atlanta. Only the Grumman prototype has met USPS requirements, Postal Service officials said.

The Grumman vehicle is intended to do double-duty, replacing both the well-known quarter-ton postal Jeep and the Postal Service's fleet of half-ton trucks. It is designed for right-hand drive to facilitate mail pickup and delivery and can be converted from

Please turn to Page 57, Col. 1

Japanese language studies are essence of Saturday School

NEWSPAPER

Honda wives tackle a strange new land

By Jenny L. King
Detroit Reporter

WORTHINGTON, Ohio—There they were, in a very small room, sitting around a rectangular table, exchanging embarrassed glances and smiles with their guests.

The "guests" had little cups of strong, black coffee before them; the students had books—workbooks and dictionaries.

The guests wanted to know how the students, all young Japanese matrons, liked living in Ohio. The setting was the classrooms of Honda of America's Family Room program for the acculturation of the wives of men transferred to Honda's manufacturing plant in Marysville, Ohio. It's part of a program, which includes Japanese language lessons for children on Saturdays, to help Honda families adapt.

As the wives and their guests visited, questions grew longer and longer as the visitors tried to simplify them. Would the women understand? Most of them had been in this country less than a year. Their English lessons were not easy.

Using books from an existing curriculum, they were struggling with a conversation about, "Are you going to the game?" when the visitors interrupted.

A second student responded, "No," followed by one of several reasons:

For example, "No, I am going to build a bookshelf," or "No, I

Please turn to Page 34, Col. 1

GM's Smith is keynoter

Roger B. Smith, General Motors chairman and chief executive officer, will deliver the keynote address at the 11th annual Automotive News World Congress. He will speak Sunday, July 27, and his topic will be The State of the Industry.

International automotive industry leaders and top-level executives in related fields will address the World Congress, which will be held July 27-30 at the Hyatt Regency Dearborn.

Following Smith's keynote address, Edward L. Hennessy Jr., chairman and chief executive officer of Allied-Signal Corp., will speak on The Supplier Perspective.

Speakers at the general sessions on Monday, July 28, will include Robert Crandall; senior fellow, Brookings Institute, whose topic will be Real Manufacturing Costs

Please turn to Page 57, Col. 2

AMC facing decisions for survival

By Richard Johnson
Detroit Reporter

American Motors has entered an unprecedented period of transformation that should determine whether the company survives into the 1990s.

With a new president and chief executive officer, AMC is on the verge of a top-to-bottom makeover of its product line and manufacturing installations, and the changes could even extend to relocation of corporate headquarters.

News Analysis

During the next 60-90 days, Joseph Cappy, the new president and CEO, will face a series of crossroads decisions, all inextricably bound together.

If, when and where AMC decides to build a new assembly plant depends on what product the company will put in the plant. And that, in turn, will hinge largely on whether AMC forms a joint marketing or manufacturing agreement with an Asian auto maker.

AMC could replace both its outdated Kenosha and Toledo assembly plants with one or two plants, or it could decide to build nothing, leaving all or part of the Toledo Jeep facility operating and ceasing production in Kenosha.

Cappy acknowledges a cornucopia of options, but the company is expected to decide something very soon. A decision on a new assembly plant has already been pushed back several weeks.

AMC officials had expected to conclude the issue by early spring in order to set product plans for the 1990 model year. But Cappy now talks about a decision in June and hints that it might be put off even longer since, he said, the Kenosha-built Alliance/Encore, scheduled to be terminated after the 1989 model year, could be extended a year.

"There is a whole realm of things in terms of which direction do we move and what's the timing for those directions," Cappy said in a interview with Automotive News. "It's very fluid. If I knew for sure, I could make the decision today. But without knowing where we are, what we can do and who we can do it with, you have to remain flexible."

Among the decisions he faces is whether to focus on bringing out new Jeeps or passenger cars after three new Renault products are launched next year. And that could play a significant role in where AMC decides to build a new plant.

"It takes three years to bring out a car, so there comes a time when you finally have to make a decision as to which one you're finally going to be putting all your resources on," he said. "We may decide, for example, to pull ahead a Jeep program and back up a car program because we see a greater profit opportunity.

"Look at what we did from 1981 to 1985," Cappy added. "We spent $1.3 billion and we put the bulk of that into Jeep. Now, we've got the Jeep behind us and its providing a strong prop and support for the company and so we move into the passenger car. Well, how fast do you start redoing the Jeep line?

"You know, the problem with this corporation in the past is it

Please turn to Page 55, Col. 3

Joe Wilssens

From left: Harvard's Michael Porter, NUMMI's Tatsuro Toyoda and UAW's Owen Bieber

Beware of 'myths,' industry told

By Matt DeLorenzo
Los Angeles Reporter

ANN ARBOR, Mich.—Although the U.S. auto industry has rebounded dramatically, a Harvard business professor told the Sixth Annual U.S.-Japan Automotive Industry Conference here that the domestic industry has yet to attain a strategic comeback and faces even more serious challenges ahead.

"Something is changing in the competitive environment," Michael Porter said, adding that he feels there is "a collection of myths of what the challenge represents."

Related story on Page 12

One of those myths is that the profits of the past few years mean the domestic industry has made a comeback. Porter said he finds that "more disturbing than comforting" when viewed in context.

"Import penetration is now more than double what it was 10 years ago and it's growing in wider and wider ranges," he said.

The Japanese have a competitive advantage in offering low-priced, entry-level cars. Now that they are moving up, the Japanese are challenging the domestic makers in the larger-car market where the U.S. companies had the advantage.

The U.S. makers "lack a competitive advantage," Porter said, "They are not low-cost, there is no differentiation and they are chasing a rapidly moving target (the Japanese)."

Porter said these changes open the low-cost, entry-level segment to new companies from other countries, such as Korea.

"I think Hyundai represents a serious threat," he said.

Two other myths, according to Porter, hold that the high volume of U.S. makers is one of their competitive strengths and that the major Japanese advantage is their low-cost position.

On the high-volume issue, Porter said that advantage is being eroded because the market is becoming increasingly segmented.

"The ability to make and sell a complex product line will be an important source of competitive advantage of the future," he said. As for the Japanese relying on low cost as a source of competitive advantage, Porter said it's true that they do have a significant cost advantage, however, the repositioning of their product lines into broader ranges means that

Please turn to Page 56, Col. 4

Ephlin slaps GM increase

By Mary Connelly
Detroit Reporter

The head of the UAW's General Motors department said he can see no strategic justification for GM's planned price hike and will protest the action to the company's management.

UAW Vice President Donald Ephlin said the 2.9-percent increase that is slated to take effect April 14 could lead to loss of market share and result in loss of jobs for union members.

NADA didn't like the price hike either. The dealer group said it members are "dumbfounded and perplexed" by GM's action.

Ephlin said that instead of raising prices, GM should have taken advantage of the strengthening value of the Japanese yen in relation to the U.S. dollar which has forced Japanese manufacturers to raise their prices in this country.

"I don't know what their justification is," Ephlin said, adding that he was not notified of the impending hike. "I'm disappointed because it hurts the effort to capitalize on the situation. Japanese price are going up, and it seems like it would have been a good opportunity to regain lost ground."

GM's action was the first full-fledged price hike by a domestic maker since last fall's introduction period. GM has listed no model-by-model increases yet.

In announcing the increase, GM blamed "partial recovery of higher labor and other manufacturing costs, as well as the impact of major capital spending and other programs."

Ephlin dismissed the labor-cost justification as "a cliche of the public relations department."

"It's never due to the fact they have too much burden or overhead," he added.

Ephlin was interviewed while attending the Sixth U.S.-Japan Automotive Industry Conference in Ann Arbor, Mich., last week.

Conference speakers also questioned the wisdom of GM's pricing move.

Noting the changing dollar/yen relationship, Maryann Keller, director of Vilas-Fischer Associates, said, "This was and is a unique opportunity for the American automobile industry to increase market share. To be able to advertise superior value was an advantage."

Saying she was "disappointed" by GM's move, Keller said that if price increases become industry-wide, they will "play into the hands" of the Japanese manufacturers.

Michael E. Porter, professor of business administration at Harvard University and a conference speaker, said GM was exploiting the yen/dollar relationship to gain profitability.

He said a price hike is counterproductive to what should be GM's aim of strategic repositioning in the market.

Porsche drops plans to import $150,000 model

Porsche Cars North America will not offer the high-performance 959 for sale in the U.S. as planned, the importer announced last week.

However, many of the high-tech features of the $150,000 car will be adapted to other U.S.-bound models as quickly as possible, Porsche's U.S. sales arm said.

Porsche said it dropped plans to import up to 200 959s beginning in late 1987 or early 1988 because the car does not meet U.S. standards for minimum bumper height.

The 959 is equipped with a variable road profile adjustment which lets the driver select bumper heights ranging from less than five inches to just under eight inches. Federal requirements mandate a bumper height of at least 12 inches.

Modifying the 959 to meet federal bumper standards would have "destroyed" the car and could have doubled its price, said John A. Cook, president of Porsche Cars North America.

In addition, Porsche engineers in Weissach, West Germany, have not succeeded in refining the 959's 2.8-liter, twin turbo, 6-cylinder engine to meet U.S. emissions regulations, he said.

Porsche AG will build about 200 of the 959s for sale in Europe. About 25 of the 185-MPH cars still are expected to be brought into the U.S. for racing, a Porsche spokeswoman said.

—Dave Zoia

Austin Rover shooting for 25,000 sales

By John A. Russell
New York Staff Writer

NEW YORK—Austin Rover Cars of North America now is predicting 25,000 first-year sales of its Sterling four-door sedan, which will be introduced in the U.S. next January.

The new sales projection is an upward revision of the 20,000 figure the company has been using and apparently is based on strong dealer acceptance of the British-built car.

Ray Ketchledge, president of the Miami-based importer, said last week that everything is moving along as scheduled to meet the January introduction date. He expects to have the entire dealer network in place soon, and another wave of appointments will be announced next month.

When the dealer appointments are completed, the company will have 135 outlets.

He said production is scheduled to start in the fourth quarter of this year. He also said the Sterling will be offered in two trim levels and will be priced in the $18,000-to-$24,000 range.

Ketchledge said the company has about 900 dealer applications. He described those who have been appointed as "heavy hitters." They are drawn from both the import and domestic-dealer ranks, and all have strong reputations in their local markets, he said.

Austin Rover Cars of North America now has 30 employes at its Miami headquarters and expects to have 80 to 100 by December. Many of them will be in service, parts and warranty administration.

Ketchledge said he is trying to keep the "head count down" through the use of computers. He said a smaller staff eliminates layers of management and enables the company to stay close to dealers and consumers.

Ports of entry for the Sterling will be Newark, N.J., and Long Beach.

The company recently selected Kermish-Geylin, New York, to handle public relations.

In addition, Ketchledge said, Charles Conklin has joined the company's advertising agency, Bieber-Silverstein, as senior vice president and will be in charge of the Austin Rover account.

Ketchledge said he does not believe Honda's Acura Legend will have an impact on the Sterling because the cars are different even though both are products of a joint venture between Honda and Britain's Austin Rover.

index

Auction reports	42-43
Classified advertising	44-51
Dealing with dealers	18
Editorial page	10
Obituaries	57
Production by makes	59
Truck highlights	14

60th year—No. 5121

AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in April at 965 E. Jefferson, Detroit, MI 48207. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207.

Ford panel to study prospects in China

By Richard Johnson
Detroit Reporter

Ford Motor Co. has formed a special committee within its corporate staff to study business prospects in the People's Republic of China.

The special panel is part of a more general reshaping of the company's management structure in the Northern Pacific region which has taken place in recent weeks.

Ford's China Study Team, headed by Carl G. Roth, "is working to establish relations with officials in China to determine whether and how we can do business with them," a Ford spokesman said.

As part of the restructuring, the office of John Devine, Ford's executive director for Northern Pacific Business Development, has been spun off from Ford's operational management in the Asia-Pacific region. Devine now reports to Ford's Corporate Strategy Staff. His duties are "development as opposed to operational," according to the company spokesman.

"This gives John a clearer direct line of responsibility back to Dearborn," said the Ford representative.

Devine's office previously functioned under Mervyn Manning, president—Ford Asia-Pacific, based in Australia. Manning no longer has a direct role in Japan or Korea. Ford will import a minicar from Korea's Kia Motor Co. later in the decade. Asia-Pacific operations now consist of Ford affiliates in Australia, New Zealand and Taiwan.

According to the Ford spokesman, Devine "interfaces with Mazda and Ford of Japan, has a hand in getting our ducks in order in Korea for the Kia operation and has a role in Ford's negotiations with China."

At a recent meeting of the Detroit Auto Writers Group, Philip E. Benton Jr., Ford's new executive vice president for International Automotive Operations, said China will not fall under his direct control.

"China in our organization is the subject of a special committee that is still held within the corporation as to what do we do in China," he said. "I will participate in it as a member of Ford Motor Co. management, but it will not be unique to international."

Last August, Ford Vice President Lindsay Halstead conducted exploratory talks with Chinese Vice Premier Wan Li at the invitation of China National Automotive Industry Corp. Discussions centered upon a possible joint venture involving production of light trucks.

The Ford spokesman last week said he was not aware of additional meetings between China officials and corporate vice president-level Ford executives since the Halstead visit.

After his 1985 trip, Halstead indicated no Chinese deal was imminent because Ford executives were not convinced China could achieve its ambitious industrialization objectives.

AMC may not build Comanche in China

By Richard Johnson
Detroit Reporter

American Motors and its Chinese partner, Beijing Jeep Corp., may scrap plans to begin assembling Jeep Comanche pickup trucks in Beijing this fall.

AMC President Joseph Cappy said AMC is rethinking its Comanche production program because of a shortage of foreign exchange currency in the People's Republic of China.

Beijing Jeep plans to build the new part-time four-wheel-drive pickup for sale in China initially and later for export in the Asia-Pacific rim. But the fall production startup is now uncertain.

"It might not happen," said Cappy in an interview with Automotive News. "The plans are to still consider that, and once I know how much foreign exchange is going to be available we'll make that decision."

A lack of foreign exchange capital has already caused AMC to cut back Cherokee production for 1986. Originally, Beijing Jeep targeted assembly of 6,000 units, but plans have been scaled back to 2,000-4,000 units this year, according to Cappy.

Beijing Jeep began building Cherokees last fall and also assembles an upgraded version of the 4WD BJ212, a 30-year-old Russian-designed vehicle based on the Jeep CJ.

Cappy said the company recently obtained an import license for 1,000 Cherokee kits from the Chinese Government.

"I think the wheels have started to roll again," he said.

But the fate of Comanche production this fall is still up in the air.

Parts to cost more from Third World

WASHINGTON—U.S. auto makers sourcing automotive parts and accessories from Third World countries can expect to pay more for them this year in the wake of the Reagan Administration's decision to lift the tax-exempt status for some of these countries.

Hit most immediately by the decision are Mexico, Taiwan, Brazil and South Korea. In some cases, these countries enjoy near-monopolies in providing certain parts to U.S. auto makers.

U.S. Trade Representative Clayton Yeutter, in announcing the decision, said the countries involved had become sufficiently competitive in particular products to compete in the U.S. market without the tariff exemptions.

In 1985, a total of $13.3 billion in tariff-free imports came to the U.S. The Reagan Administration decision will chop at least $3.2 billion from that in 1986.

Among the hardest his is Mexico which, among other items, sold nearly $472 million worth of wiring harnesses, some $407 million in auto parts and nearly $94 million worth of auto seats and interior trim to U.S. auto makers in 1985.

With the decision to lift tariff exemptions for these items, exporters will pay tariffs of 5 percent on wiring harnesses and 3.2 percent on parts and seats, according to the U.S. Customs Service.

Taiwan, another that will be hard hit by loss of tariff exemptions, shipped some $71 million worth of wiring harnesses to the U.S. in 1985, as well as $117 million in automotive parts.

Under the new rules, Brazil will lose its tariff-free status for approximately $164 million in auto parts exports as well as $97 million in auto tire exports.

South Korea would lose its tariff exemption for $181 million of auto tire exports.

The tariff on tires is 4 percent.

Special finance rate pulls in prospects

Joe Wilssens

Dealer's 5.75 incentive ignites sales action

By Edward Lapham
Marketing Editor

Finance-rate incentives still sell cars.

While the factories were licking their March sales wounds last week and wondering what to try next, Glassman Oldsmobile-Saab, Southfield, Mich., used a three-day, 5.75 APR program to clear out a "record level of inventory."

During the promotion, the dealership wrote orders for 237 cars, 12 of which were Saabs.

"We did in three days what we normally would have done in a very good month," said George Glassman, vice president and general manager of the suburban Detroit dealership.

"People are waiting for a reason to buy," Glassman said. "There is no question that people are motivated by the interest rates. They are motivated to buy cars and they are motivated to buy homes."

Glassman said it took "four or five weeks" to put the program together with two local banks. He said there was no pre-established cap, but the banks seemed to be approving non-recourse loans of 48 months or less for amounts under $10,000.

Glassman said he also is participating in the current General Motors Acceptance Corp. program.

"We had people coming in from as far away as Muskegon and Sault Ste. Marie," Glassman said.

Muskegon, on the west coast of Michigan, is 175 miles from the suburban Detroit store. Sault Ste. Marie is some 300 miles away.

Meanwhile, Ford, Chrysler and General Motors were contemplating the market. The current factory APR programs, mostly 9.9 percent with a smattering of lower rates on selected models, will expire by the end of the month. That has left a very pregnant expectation about what the factories will do next.

There are many choices facing the factories as dealers look with anticipation to the spring selling season. Insiders say the marketing people at Chrysler and GM are devising new programs, designed to "juice" the post-APR spring market.

Glassman believes APRs can still work if the numbers are right. His dealership's program was a success, but it did get a boost from three days of sunny, unseasonably warm weather as well as an inordinate amount of publicity.

"It was unbelievable," he said. "People were taking numbers and waiting for up to an hour and a half to buy a car."

Domestic sales plunge 15 pct.

By Jenny L. King
Detroit Reporter

New-car sales in March came in like a toothless lion and wandered out like the smallest of lambs. Domestic sales were down in each of the three reporting periods and brought to four the number of consecutive periods of decline.

Import sales were more Leo-like, up 22.95 percent March to March and capturing 27.60 percent of the month's market. It was their largest share so far this calendar year and represented a gain of nearly seven percentage points over the 20.75 percent earned in March, 1985.

Total new-car sales in March were off 7.56 percent, to 896,838 from 970,221 last year. Industry sales for the first quarter reached 2,603,058, off 1.56 percent from 2,644,331.

Sales of domestic new cars plunged 15.55 percent, to 649,351 —their lowest level in three years —from 768,927 in March, 1985. First-quarter domestic sales were down 7.03 percent, to 1,898,626 from 2,042,164.

March import sales totaled 247,487, up 22.95 percent from 201,294. Import sales for three months were 704,432, up 16.98 percent from 602,167.

There was bad news galore for the domestics in March; all of them except Honda were down from year-ago sales levels.

General Motors lost the least on a percentage basis, but GM still fell 14.29 percent, to 355,880 from 415,218. Ford Motor Co. was down 18.02 percent, to 167,490 from 204,315. Chrysler Motors was down 21.42 percent, to 90,945 from 115,729.

Honda reported sales of 15,175 new Accords, up 0.90 percent from 15,039 a year ago. Volkswagen dropped 14.31 percent, to 6,198 from 7,233. American Motors' sales of 6,300 domestic units were 44.70 percent below 11,393 in 1985. Nissan Sentra sales numbered 7,363.

GM earned 54.80 percent of the domestic market in March, up from 54.00 percent a year earlier. Ford dropped to 25.79 percent from 26.57 percent. Chrysler cornered 14.01 percent this year

Please turn to Page 58, Col. 3

Toyota defies NHTSA plea for recall

WASHINGTON—Toyota Motor Co. said it is not going to recall approximately 74,000 Cressida cars from the early 1980s even though NHTSA would like it to do so to correct an alleged "sudden acceleration" problem.

A Toyota spokesman said the company was aware of some reports of sudden acceleration in 1982 and 1983 Cressidas, but he said Toyota "hasn't been able to determine the cause of these alleged incidents."

NHTSA, which has reports of 40 incidents of sudden acceleration in 1982-1983 Cressidas, attributed the alleged problem to a defect in the Cressida cruise control system, but Toyota said it had not been able to confirm that.

In a letter dated Feb. 28, the safety agency asked the company to recall 1981 through 1983 models. Under guidelines established earlier this year, NHTSA did not disclose that request to the public.

The Center for Auto Safety, which had been urging the agency to look into the alleged problem since 1983, chided NHTSA for not pressing for a mandatory recall of the cars and for refusing to expand the scope of its investigation to post-1983 Cressidas.

At the same time, the consumer group asked that NHTSA also look into alleged sudden acceleration problems in 1983-1984 Toyota Camry models.

Firm offers leasing franchises

By Matt DeLorenzo
Los Angeles Reporter

LOS ANGELES—National Dealer Consultants, a firm that provides marketing and advertising services to auto dealers, has formed a franchise leasing company called Incentive Leasing, Inc.

The San Diego-based firm has sold 23 franchises to date and hopes to have 2,000 franchises within 13 months, according to Ron Carpenter, Incentive's director of franchise sales.

"It's a new concept in merchandising," Carpenter said of the program, which is seeking to establish leasing franchises similar to car rental or real estate setups such as Hertz or Century 21.

An added twist is that Incentive is also hoping to use a multi-level marketing organization similar to Mary K cosmetics or Amway as a bird-dog network to drum up additional business for the franchises.

The firm's first-year sales projections call for 500 franchises by year-end writing about 40 leases per month and generating $300 million in gross sales per month.

Carpenter said that auto dealers mainly have been putting up the $18,500 it takes to obtain a franchise. However, one of the stipulations of Incentive Leasing is that the outlet be a free-standing location and not part of a dealership. Carpenter said some franchises will be in shopping centers while others will be separate facilities along auto rows.

While the parent company will provide the national advertising and marketing effort, the individual franchisees will be responsible for obtaining their own vehicles.

Leases will be closed-end, nonrecourse contracts, and Incentive is providing access to 29 lending institutions nationally that will carry the paper. Carpenter said NDC eventually will buy leases through a subsidiary called NDC Discount, Inc.

Advertising will be funded by a $110 charge per lease which will go into a co-op fund. In addition, Incentive charges a 1.25-percent franchise fee on the cap cost of each lease.

Asked if the company will be looked upon as competition to other auto dealers, Carpenter said it would not. "The dealers are aggressively after the business; they're looking at that guy (a franchisee) as a customer that can buy a car," he said.

In addition to the leases that the franchisee writes, Incentive is also looking at multi-level marketing groups as a means of bringing in additional business.

According to Carpenter, the system would use several layers of representatives who would refer business back to a franchisee with each level participating in the profit from the lease. On those leases, Carpenter said, 50 percent of the profit would be returned in commissions to the multi-level participants.

On the scene at Dallas Auto Show

Thomas J. Wagner, left, Lincoln-Mercury general manager, and Michael H. Savod, Dallas district sales manager, examine a Merkur Scorpio at the Dallas Auto Show. The Scorpio goes on sale in the U.S. this fall. Wagner was the keynote speaker at the luncheon to kick off the show.

Special center to service limousines in Atlantic City

ATLANTIC CITY—Atlantic City will be the location of a totally new concept in limousine operations, according to Anthony Merlino, president of Limo-Land, Inc.

"The limousine industry is becoming one of Atlantic City's fastest growing businesses," said Merlino.

"Yet, the city has lacked an integrated facility (for) the more than 500 limousines that bring visitors here every week. In addition, hotels in Atlantic City operate their own fleets of limousines, and they now have to drive at least 60 miles for factory-authorized service on their cars."

Every serviceman at Limo-Land is a factory-trained specialist from Cadillac and Lincoln, as well as Moloney Mfg. Corp., the Chicago-based firm that produces stretch limousines.

Merlino said the mechanics will provide a complete line of services, including lube and oil, wheel alignment, cleaning and polishing, electrical and gadget component parts service, reupholstery, VCR and stereo service and engine diagnostic evaluation and mechanical service.

The Limo-Land operation will also provide a recreational area for limo drivers who often have to wait several hours for return trips.

While their vehicles are being serviced, drivers may browse through a showroom with Moloney limousines on display. Limo-Land will also be a sales outlet for customers seeking to update their limousine business.

Merlino has also taken care of drivers' return trips to hotels and casinos by providing a computerized hookup that identifies prospective customers needing rides.

"This computerized service is revolutionary in the industry," said Merlino. "It will help reduce or, if successful, eliminate the return trip being a nonprofit trip for the livery services that affiliate themselves with Limo-Land."

Special K.C. auction

KANSAS CITY—Kansas City Auto Auction will stage a Corvette and Special Interest Sale April 15 and is expecting the event to feature some 300 Corvettes and specialty cars and trucks.

auction directory

PENNSYLVANIA

GARDEN SPOT AUTO AUCTION
EPHRATA, PA.
SALE TUESDAY, 10:30 A.M.
FULL SERVICE AUCTION
Out of state fleet & lease accounts welcome
Contact: **J. Omar Landis, Jim Landis**
P.O. BOX 501, EPHRATA, PA. 17522
717-733-7917

PENNSYLVANIA

Hatfield Auto Auction
GM FACTORY
SALE
April 16 - 30
11 A.M.
Brass Hat Vehicles
Special Off-Lease C Bodies
Special Off-Lease Cavaliers
Call for information:
215-822-1935

PENNSYLVANIA

Hatfield Auto Auction, Route 309, Box 309, Hatfield, Pa. 215-822-1935. Every Tuesday-11 A.M. Pickup service.

SOUTH CAROLINA

Bruce Auto Auction & Recon Center—Fleet and Lease car and truck disposal our thing. AAA credit. 803-242-3090, Greenville, South Carolina.

PENNSYLVANIA

Hatfield Auto Auction
FORD MOTOR COMPANY ANNOUNCES A SPECTACULAR EXCLUSIVE SALE RESERVED FOR FORD & LINCOLN/MERCURY DEALERS ONLY
April 9, 1986
Wednesday, 11:00 AM
Over 200 Units
Lincoln Town Cars, Cougars, LTD's, Marquis & Thunderbirds
Call for information:
215-822-1935

SOUTH CAROLINA

Rawls Auto Auction — Since 1938. Pickup, delivery unlimited. Recon facilities. Sale every Tues., 11 A.M. 803-657-5111 or 657-7244, Leesville, South Carolina.

TEXAS

Fort Worth Auto Auction, 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: Frank Post, 817-626-5494.

WASHINGTON

So. Seattle Auto Auction. The lease & Fleet Specialists. Tom Chase, 1-800-872-6800. P.O. Box 5189, Kent, Washington 98064.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, all leasing, AMC. 414-835-4436, Caledonia, Wisconsin.

MISSOURI

METRO AUTO AUCTION OF KANSAS CITY INC.
9th ANNUAL ORIGINAL
CORVETTE SALE
ALSO
Classic and Special Interest Cars
WEDNESDAY, MAY 7th 11:00 AM
"World's Largest Corvette Sale"
CLOSED SALE — TO DEALERS ONLY
Buyers and Sellers From Coast to Coast
(Over 400 units in '85)
Information: 816-525-1100
Jack Hadley — Cliff Pool — Dick Miller
ANGLO AMERICAN AUTO AUCTIONS INC.
METRO KANSAS CITY
Metro Auto Auction of Kansas City, Inc.
"A subsidiary of Anglo American Auto Auctions Inc."
101 W. Oldham Parkway
Lee's Summit, Missouri 64063

factories list auction dates

American Motors

April 8—D-A Auto Auction, New Stanton, Pa.

April 9—Kansas City Auto Auction, Kansas City, and Columbus Fair Auto Auction, Obetz, Ohio

April 10—Evansville Auto Auction, Evansville, Ind.; Corry Auto Auction, Corry, Pa.; Northway Exchange, Inc., Clifton Park, N.Y., and Fredericksburg Auto Auction, Fredericksburg, Va.

April 15—Aptco Auto Auction, Taylor, Mich., and High Point Auto Auction, High Point, N.C.

April 16—Metro Milwaukee Auto Auction, Caledonia, Wis., and Mid States Auto Auction, South Bend

April 17—Todd Auto Auction, Telford, Pa.; Evansville Auto Auction, Evansville, Ind., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

April 18—Floyd Hauhe Auto Auction, Bridgeton, Mo.

Chrysler Corp.

April 8—Hatfield Auto Auction, Hatfield, Pa.

April 9—Southern Auto Auction, Warehouse Point, Conn.; Columbus Fair Auto Auction, Obetz, Ohio; Dallas Auto Auction, Grand Prairie, Tex., and South Seattle Auto Auction, Kent, Wash.

April 10—Fredericksburg Auto Auction, Fredericksburg, Va.

April 11—Floyd Hauhe Auto Auction, Bridgeton, Mo.

Ford Motor Co.

April 9—Concord Auto Auction, Acton, Mass., and Columbus Fair Auto Auction, Obetz, Ohio

April 10—Atlanta Auto Auction, Red Oak, Ga.; Arena Auto Auction, Chicago; Dallas Auto Auction, Grand Prairie, Tex., and Southwest Auto Auction, Phoenix

April 16—Lakeland Auto Auction, Lakeland, Fla., and Brasher's Southern California Auto Auction, Fontana, Calif.

April 17—Aptco Auto Auction, Taylor, Mich.; Denver Auto Auction, Englewood, Colo.; Skyline Auto Exchange, Fairfield, N.J., and 166 Auto Auction, Springfield, Mo.

General Motors

April 8—166 Auto Auction, Springfield, Mo.; Denver Auto Auction, Englewood, Colo., and Florida Auto Auction of Orlando, Orlando

April 9—Brasher's Auto Auction, Fontana, Calif., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

April 10—Nashville Auto Auction, Nashville

April 15—South Seattle Auto Auction, Kent, Wash., and Southern Auto Auction, East Windsor, Conn.

April 16—Clanton's Auto Auction, Darlington, S.C., and Indianapolis Auto Auction, Indianapolis

Nissan

April 17—Nashville Auto Auction, Nashville

Used Car Sales
Auction Averages

March 1986	$4,932
Month ago	$4,821
Year ago	$4,368

Model Breakdown
Auction Averages

	MAR., 1986	FEB., 1986	JAN., 1986
1986	$10,173	$10,059	$8,769
1985	$8,774	$8,655	$8,509
1984	$6,248	$6,158	$5,943
1983	$5,370	$5,232	$5,206
1982	$4,213	$4,089	$4,136
1981	$3,382	$3,302	$3,163
1980	$2,477	$2,478	$2,402
1979	$2,246	$2,348	$1,954
Overall Average	$4,932	$4,811	$4,651

Any Ford-Fiat talks would be limited

By Richard Johnson
Detroit Reporter

If negotiations between Ford of Europe and Fiat are revived in the wake of an expected joint venture involving Ford and Fiat's Iveco truck subsidiary, they will probably be on a much smaller scale.

Philip E. Benton Jr., who became executive vice president for International Automotive Operations on April 1, said a reawakening of interest in the collapsed talks would likely be concentrated on one or two specialty-car models.

Ford of Europe and Fiat broke off joint-venture discussions last fall, but the Ford subsidiary is said to be nearing an agreement with Iveco on a joint venture for marketing and developing new trucks in Europe (Automotive News, March 10).

"I don't think we have put that completely to bed, but nevertheless we have been holding very serious talks with Iveco and may be close to some form of arrangement," Benton said at a recent meeting of the Detroit Auto Writers Group.

As for a rebirth of Ford-Fiat talks on car operations, Benton said, "I think it less likely that we would leap to a re-examination of the whole car business than it is that we would look for other smaller pieces, like a specialty model or something like that."

Benton said he is not aware that any such discussions with Fiat are in progress. But he said a new round of talks with Fiat would probably focus on a relatively low-volume model, such as a sports car.

"I think it much more likely that if something were to follow the truck arrangement it would be more that (sports car) than it would be a full car," he said.

The earlier Ford-Fiat discussions aimed at a broad merger in the intensely competitive European automobile market. They ended because each company wanted to be in control of the joint venture. Fiat's Iveco will reportedly control the expected truck venture because the Italian company's share of the European truck market far outstrips that of Ford.

Benton said the logic behind the Ford-Iveco deal "is as simple as putting two separate truck companies together, and instead of making two investments for the next generation of new trucks, you make one."

"It's just more efficient utilization of very limited capital in a business which is very unprofitable at the present time in general, the heavy-truck business in Europe," he said.

Saab sales set record for 48th month in a row

ORANGE, Conn.—Saab dealers in the U.S. chalked up their 48th consecutive monthly sales record in March.

"It takes real teamwork to maintain that performance level every month for four years without a break," said Robert J. Sinclair, president, Saab-Scania of America. "As far as I can tell, no other auto maker has ever matched this."

In April, 1982, Saab dealers delivered 1,513 cars, then a record for April. Every month since then has been an alltime high for that month.

Saab sales in March, 1986, totaled 3,703, up 14 percent from 3,245 in March, 1985. First-quarter sales climbed to 10,063 this year, up 16 percent from 8,684 last year.

Saab's 1986 sales goal in the U.S. is 45,000 cars. In 1982, the year the string of records began, Saab sales totaled 18,179.

Veraldi to address meeting on quality

DEARBORN—Lewis C. Veraldi, Ford Motor Co. vice president, luxury and large car engineering and planning, will be the chief speaker during the two-day National Automotive Division Conference of the American Society for Quality Control opening here tomorrow (April 8).

The annual meeting, the 29th of its type, will focus not on statistical process control (SPC) methods, as has been common recently, but on what purchasing and engineering functions can do in enhancement of quality,

Domestic sales plummet 15 pct.

Continued from Page 3

compared with 15.05 percent in 1985.

American Motors had 0.97 percent, down from 1.48 percent. Honda's 2.34 percent was up from 1.96 percent and VW inched up to 0.95 percent from 0.94 percent. Nissan earned 1.14 percent of the March domestic market.

Aside from Honda's 0.90-percent increase, sales were down across the board for domestic makes.

Imports welcomed Honda's Acura Division aboard, and freshman Hyundai reported sales of 10,432 Excels its first full month on the market.

March 21-31 domestic sales plunged 21.48 percent, to 235,735 from 301,496. Even Honda was down this time, 2.63 percent. GM dropped 23.70 percent, Ford was off 19.03 percent, Chrysler was down 22.09 percent, AMC plunged 57.86 percent and VW was off 9.58 percent.

Where auto market was, March, 1986

	Total Sales	Pct. of Total
SUBCOMPACT	122,778	13.69%
COMPACT	136,167	15.18%
INTERMEDIATE	232,767	25.95%
STANDARD	83,586	9.32%
LUXURY	74,053	8.26%
IMPORT	247,487	27.60%
TOTAL	896,838	100.00%

U.S. CAR SALES BY MARKETING UNITS

	March, 1986	March, 1985	3 Mos., 1986	3 Mos., 1985
Chevrolet	140,701	148,152	411,291	404,925
Ford	112,412	138,315	313,352	347,987
Oldsmobile	82,693	95,223	258,826	262,491
Pontiac	67,084	75,153	200,871	184,091
Buick	55,957	76,721	176,830	219,159
Honda	46,433	45,267	145,157	137,523
Mercury	42,284	51,650	117,133	132,325
Dodge	41,543	48,453	111,124	129,161
Nissan	40,720	38,985	121,614	117,908
Toyota	39,008	32,906	124,291	119,019
Chrysler	31,371	34,324	79,215	85,916
Plymouth	30,419	39,961	94,613	109,415
VWoA	25,294	23,712	68,038	63,647
Cadillac	23,955	25,186	70,691	68,076
Mazda	23,561	18,034	62,002	44,276
Subaru	17,499	11,876	49,130	35,795
Lincoln	14,157	14,759	37,009	42,428
Hyundai	10,432	0	11,020	0
Volvo	10,336	9,808	31,459	28,524
BMW	8,030	7,467	20,576	19,044
Mercedes	7,510	7,740	22,577	19,886
AMC-Renault	6,642	12,305	20,160	33,910
Mitsubishi	4,089	3,195	12,937	8,857
Saab	3,752	3,294	10,200	8,839
Isuzu	2,791	1,980	9,804	6,242
Porsche	2,545	2,179	6,407	6,011
Jaguar	1,968	1,984	4,652	4,252
Yugo	1,819	0	6,431	0
Peugeot	1,292	1,073	3,405	3,242
Alfa Romeo	390	376	1,091	1,013
Maserati	151	143	413	369
TOTAL	896,838	970,221	2,603,058	2,644,331

Chevrolet includes Sprint and Spectrum. Honda combines imports and domestics and Acura. Dodge includes Colt, Conquest, Vista. Plymouth includes Colt, Conquest, Vista. VWoA includes Audi and Porsche through Aug. 31, 1984. Porsche figures began Sept. 1, 1984. Nissan includes Sentras built in the U.S. Mercury includes Merkur.

IMPORTED CAR SALES

	March, 1986	March, 1985	3 Mos., 1986	3 Mos., 1985
Acura	704	0	704	0
Alfa Romeo	390	376	1,091	1,013
Audi	6,088	5,722	15,865	15,808
BMW	8,030	7,467	20,576	19,044
Chevrolet Spectrum	9,149	3,984	19,016	10,023
Chevrolet Sprint	5,361	1,233	15,673	4,055
Dodge Colt	4,686	2,700	13,682	8,270
Dodge Conquest	278	207	739	633
Dodge Vista	1,602	712	4,159	2,023
Honda	30,554	30,228	101,378	95,776
Hyundai	10,432	0	11,020	0
Isuzu	2,791	1,980	9,804	6,242
Jaguar	1,968	1,984	4,652	4,252
Maserati Biturbo	151	143	413	369
Mazda	23,561	18,034	62,002	44,276
Mercedes-Benz	7,510	7,740	22,577	19,886
Merkur	1,363	409	3,726	801
Mitsubishi	4,089	3,195	12,937	8,857
Nissan	33,357	38,985	101,405	117,908
Peugeot	1,292	1,073	3,405	3,242
Plymouth Colt	4,140	2,467	12,439	7,795
Plymouth Conquest	248	211	682	607
Plymouth Vista	1,434	712	3,789	2,013
Porsche	2,545	2,179	6,407	6,011
Renault	342	912	999	2,431
Saab	3,752	3,294	10,200	8,839
Subaru	17,499	11,876	49,130	35,795
Toyota	39,008	32,906	124,291	119,019
Volkswagen	13,008	10,757	33,781	28,605
Volvo	10,336	9,808	31,459	28,524
Yugo	1,819	0	6,431	0
TOTAL	247,487	201,294	704,432	602,167

DOMESTIC CAR SALES

	March 21 to March 31, 1986	Same Period, 1985	March, 1986	Same Month, 1985	Jan. 1 to March 31, 1986	Same Period, 1985
Alliance	0	0	4,373	6,178	13,764	17,428
Encore	0	0	1,236	4,393	33,829	10,680
Total Renault	0	0	5,609	10,571	17,593	28,108
Eagle	0	0	691	822	2,307	3,371
Total AMC	0	0	691	822	2,307	3,371
AMERICAN MOTORS	2,420	5,743	6,300	11,393	19,900	31,479
Horizon	2,653	3,385	6,827	10,432	19,608	30,133
Turismo	1,588	2,393	3,798	6,679	10,731	17,812
Reliant	3,261	5,420	8,896	13,898	34,933	36,408
Caravelle	1,291	1,250	3,730	3,430	8,956	9,449
Plymouth	477	760	1,346	2,132	3,475	5,198
Total Plymouth	9,270	13,208	24,597	36,571	77,703	99,000
Laser	1,169	2,427	2,768	7,459	6,336	15,780
LeBaron K	3,258	3,339	8,110	8,568	24,023	22,391
LeBaron GTS	2,212	1,920	6,094	4,455	16,551	10,702
Cordoba	0	0	0	0	0	0
Fifth Avenue	3,024	3,268	9,340	8,628	20,018	22,911
E-Class	0	1,975	0	5,214	0	13,835
New Yorker	1,902	0	5,059	0	12,287	0
Total Chrysler	11,565	12,929	31,371	34,324	79,215	85,619
Omni	2,407	3,074	6,499	8,746	17,782	24,399
Charger	1,647	2,732	3,890	7,080	11,303	18,942
Daytona	1,463	2,411	3,552	6,613	8,074	14,470
Aries	2,685	3,931	7,702	10,035	24,389	28,805
Lancer	1,452	1,270	5,104	3,212	12,100	8,110
Dodge 400-600	0	0	0	0	0	3,012
Diplomat	987	1,339	2,427	3,504	5,808	8,938
Mirada	0	0	0	0	0	0
Dodge 600	2,193	2,025	5,803	5,644	13,088	11,559
Total Dodge	12,834	16,782	34,977	44,834	92,544	118,235
CHRYSLER CORP.	33,669	42,919	90,945	115,729	249,462	302,854
EXP	0	987	0	2,837	0	8,678
Escort	12,185	9,190	32,232	26,484	91,843	85,024
Mustang	5,948	5,400	16,643	14,390	39,352	40,083
Tempo	6,566	16,370	18,129	46,546	65,462	92,281
Taurus	5,928	0	18,011	0	36,580	0
Thunderbird	4,093	5,830	11,102	14,211	36,986	36,024
LTD	1,385	7,078	3,966	18,987	13,119	47,531
Crown Victoria	4,637	5,299	12,329	14,860	30,010	38,366
Total Ford Division	40,742	50,154	112,412	138,315	313,352	347,987
Lynx	2,006	2,176	5,491	5,525	17,155	17,414
Topaz	1,681	4,320	4,859	11,809	16,126	24,548
Sable	3,117	0	8,688	0	17,108	0
Cougar XR-7	3,212	4,224	8,207	10,510	28,641	22,597
Capri	442	543	1,188	1,499	2,975	4,140
Marquis	642	3,298	1,773	8,686	5,855	23,497
Grand Marquis	3,900	5,306	10,715	13,212	25,547	33,508
Total Mercury	15,000	19,867	40,921	51,241	113,407	131,524
Continental	555	1,182	1,817	3,098	4,680	9,428
Lincoln	4,083	3,733	10,415	9,891	27,662	27,330
Mark VII	689	612	1,925	1,770	4,667	5,670
Total Lincoln	5,427	5,527	14,157	14,759	37,009	42,428
Total L-M Division	20,427	25,394	55,078	66,000	150,416	173,952
FORD MOTOR COMPANY	61,169	75,548	167,490	204,315	463,768	521,939
Skyhawk	2,640	5,026	6,738	9,021	15,044	22,600
Skylark	0	4,677	0	10,145	0	28,847
Somerset Regal	2,418	3,624	6,328	8,379	28,280	22,901
Century	6,637	7,327	16,635	17,193	57,833	51,331
Regal	2,364	3,562	6,224	8,443	21,813	26,120
LeSabre	3,433	5,059	8,562	12,407	18,363	37,650
Electra	3,708	2,950	9,935	6,701	31,256	16,405
Riviera	599	1,942	1,535	4,432	4,241	13,305
Total Buick	21,799	34,167	55,957	76,721	176,830	219,159
Cimarron	726	1,233	1,895	2,508	4,617	4,974
Seville	537	1,001	1,357	2,575	3,606	7,045
Cadillac	6,969	5,355	18,822	14,768	57,227	41,015
Eldorado	724	2,116	1,881	5,335	5,241	15,042
Total Cadillac	8,956	9,705	23,955	25,186	70,691	68,076
Chevette	3,140	3,889	9,195	10,744	19,470	34,618
Nova	2,958	0	7,311	0	34,682	0
Cavalier	9,528	20,959	25,848	41,501	100,079	103,393
Citation	60	2,509	187	7,077	599	19,578
Camaro	6,086	5,855	16,996	18,484	37,346	51,196
Celebrity	10,640	10,869	31,127	28,560	99,230	80,687
Malibu	0	0	0	0	0	0
Monte Carlo	3,483	4,238	10,086	10,874	23,782	27,877
Chevrolet	8,315	8,325	21,954	21,775	54,069	63,880
Corvette	1,283	1,543	3,487	3,920	7,345	9,568
Total Chevrolet	45,493	59,187	126,191	142,935	376,602	390,797
Firenza	1,170	2,400	3,374	5,490	8,338	14,929
Omega	0	0	0	0	0	0
Calais	3,458	3,182	11,706	10,463	27,180	27,048
Cutlass Ciera	7,206	8,972	22,117	29,593	82,441	79,332
Cutlass Supreme	4,633	6,059	14,433	19,312	57,432	53,449
Olds 88	6,222	5,762	17,524	17,852	41,189	52,328
Olds 98	3,129	3,034	12,320	9,619	38,785	26,256
Toronado	402	985	1,219	2,894	3,461	9,138
Total Oldsmobile	26,220	30,394	82,693	95,223	258,826	262,480
Fiero	1,932	6,971	4,827	12,385	16,131	24,231
1000	756	691	2,043	1,934	5,373	5,760
Sunbird	2,520	5,318	6,322	10,958	26,168	26,960
Phoenix	0	0	0	0	0	896
Firebird	3,349	4,127	8,776	9,922	21,394	24,187
Grand Am	6,552	4,824	18,169	11,127	46,697	26,049
6000	4,358	5,101	12,595	12,761	41,606	33,371
Bonneville	1,011	2,021	2,761	5,112	11,609	13,277
Grand Prix	1,105	2,109	2,862	5,361	11,411	13,995
Parisienne	3,190	2,137	8,729	5,593	20,482	15,365
Total Pontiac	24,773	33,299	67,084	75,153	200,871	184,091
GENERAL MOTORS	127,241	166,752	355,880	415,218	1,083,820	1,124,603
VOLKSWAGEN	3,342	3,696	6,198	7,233	18,392	19,367
HONDA	6,358	6,530	15,175	15,039	43,075	41,747
NISSAN	2,536	0	7,363	0	20,209	0
DOMESTIC TOTAL	236,735	251,335	649,351	768,927	1,898,626	2,041,989
IMPORT TOTAL			247,487	201,341	704,432	602,167
INDUSTRY TOTAL			896,838	970,268	2,603,058	2,644,156

Production

U.S. CAR	Week Ended April 5, 1986	Week Ended April 6, 1985	Week Ended March 29, 1986	March Total	Jan. 1, to April 6, 1985	Jan. 1, to April 5, 1986
AMERICAN MOTORS	0	0	0	5,922	25,488	12,553
Renault Total	0	0	0	5,922	25,488	12,553
Alliance	0	0	0	5,111	15,167	11,011
Encore	0	0	0	811	10,321	1,542
CHRYSLER CORP.	19,700	23,297	23,200	115,540	358,179	387,223
Plymouth Total	4,600	6,682	5,977	32,646	103,722	106,672
Horizon	1,700	2,423	2,169	12,549	36,020	39,712
Reliant	2,000	3,003	2,680	14,064	46,757	47,358
Caravelle	700	898	867	4,740	15,946	16,011
Gran Fury	200	358	261	1,293	4,999	3,591
Chrysler Total	7,400	7,345	8,207	38,134	121,126	138,920
LeBaron	1,600	1,711	1,733	8,944	31,820	33,310
LeBaron GTS	1,900	1,899	2,131	7,182	22,475	29,381
Laser	800	819	906	4,228	13,690	13,937
New Yorker/E-Class	1,100	1,117	1,306	6,479	20,246	20,461
Fifth Avenue	2,000	1,799	2,131	11,301	32,895	41,811
Dodge Total	7,700	9,270	9,016	44,760	133,331	141,631
Omni	1,700	2,529	2,208	12,732	38,618	40,473
Aries	1,900	2,650	2,214	11,879	36,436	35,119
Daytona	800	755	835	3,917	12,185	13,197
Dodge 600	1,500	1,170	1,555	7,576	20,303	22,880
Lancer	1,300	1,506	1,554	5,433	17,079	22,318
Diplomat	500	660	650	3,223	8,710	7,644
FORD MOTOR	33,320	26,426	31,257	150,520	481,635	479,748
Ford Division	22,645	19,482	21,164	103,602	318,031	326,996
Escort	7,556	5,578	6,591	32,808	80,936	107,747
Mustang	3,362	3,094	3,325	16,021	49,581	53,700
LTD	0	4,793	0	0	64,553	0
Taurus	6,038	0	5,292	24,337	0	63,193
Thunderbird	2,409	2,748	2,541	13,594	61,010	46,593
Crown Victoria	0	0	0	0	7,122	0
EXP	0	0	0	0	3,838	0
Tempo	3,280	3,269	3,415	16,842	50,991	55,763
L-M Division	10,675	8,944	10,093	46,918	163,604	152,752
Mercury Total	7,733	6,185	7,141	31,738	116,980	102,802
Lynx	1,059	617	967	4,819	19,392	17,947
Capri	307	159	380	1,172	5,465	4,688
Marquis	0	2,408	0	0	31,753	0
Sable	2,909	0	2,551	11,379	0	30,363
Cougar	2,397	2,166	2,302	9,698	38,504	32,295
Grand Marquis	0	0	0	0	4,733	0
Topaz	1,061	835	941	4,670	17,133	17,509
Lincoln Total	2,942	2,759	2,952	15,180	46,624	49,950
Continental	327	499	330	1,690	8,448	5,695
Lincoln	2,208	1,957	2,215	11,386	33,025	37,472
Mark VII	407	303	407	2,104	5,151	6,783
GENERAL MOTORS	74,134	80,571	69,029	351,810	1,381,049	1,241,684
Buick Total	12,753	16,577	11,497	56,724	263,162	196,840
Skylark (X-car)	0	1,947	0	0	31,942	0
Skyhawk	1,492	1,546	1,456	6,868	28,799	23,586
Somerset/Skylark	2,004	2,117	1,574	7,464	35,057	25,912
Century	4,544	3,982	3,697	18,093	58,764	65,068
Regal	0	1,843	843	5,241	29,681	11,739
Wagon/LeSabre (rwd)	252	2,551	297	1,393	36,430	3,685
LeSabre	2,584	0	2,039	10,261	0	27,651
Riviera	616	959	396	1,789	17,683	5,500
Electra	1,261	1,632	1,193	5,615	24,806	33,699
Cadillac Total	5,666	5,801	5,309	25,615	105,710	81,959
Cimarron	560	456	542	2,679	8,114	6,930
Seville	501	646	342	1,394	12,057	4,170
Eldorado	501	1,206	398	1,879	22,047	5,586
Cadillac (rwd)	1,632	847	1,582	7,616	14,991	21,971
DeVille (fwd)	2,472	2,646	2,445	12,047	48,501	43,302
Chevrolet Total	22,817	25,786	19,872	110,023	489,022	407,243
Chevette	1,930	2,427	0	6,978	43,941	30,810
Cavalier	6,416	7,253	6,950	32,963	134,615	118,799
Celebrity	4,847	4,471	5,444	28,355	80,712	85,380
Camaro	3,972	3,881	1,639	13,654	63,488	59,426
Citation	0	1,293	0	0	22,731	0
Monte Carlo	1,784	2,606	2,086	10,083	43,616	33,211
Chevrolet	3,228	3,056	3,107	14,943	88,188	72,715
Corvette	640	799	646	3,047	11,731	6,902
Oldsmobile Total	17,886	20,124	19,453	94,008	347,670	319,732
Firenza	1,068	1,312	1,149	5,120	20,849	14,873
Cutlass Supreme	1,688	3,964	2,755	15,348	57,399	55,775
Cutlass Ciera	3,641	5,572	4,220	19,336	107,332	79,759
88 (rwd)	288	3,809	370	1,649	63,660	6,564
88 (fwd)	6,913	0	6,465	30,254	0	81,963
Olds 98	2,060	2,349	2,090	10,031	40,969	37,197
Calais	1,836	2,411	2,124	10,979	44,471	39,711
Toronado	392	707	280	1,291	12,990	3,890
Pontiac Total	15,012	12,283	12,898	65,440	175,485	235,910
Acadian**	0	200	0	1,275	4,347	4,015
2000 Sunbird	2,592	2,622	2,514	11,907	37,932	39,198
1000	726	394	0	1,831	9,424	10,145
Firebird	2,124	2,399	893	7,311	34,253	32,333
6000	2,496	671	2,417	12,476	7,802	42,957
Parisienne	1,320	1,077	1,291	6,087	19,115	23,016
Fiero	1,914	2,640	1,822	6,390	30,152	24,705
Grand Am	3,840	2,280	3,961	18,163	32,460	59,541
HONDA	3,400	3,260	2,794	14,039	45,620	48,145
NISSAN	0	198	1,160	6,442	681	22,517
NUMMI*	3,070	250	3,070	15,346	1,630	37,120
VOLKSWAGEN	1,600	1,668	1,628	7,643	26,909	23,621
Total Cars, U.S.	135,224	137,670	132,138	667,262	2,321,191	2,252,611
Total Cars, Canada	25,670	16,207	20,405	98,492	262,150	295,087
N. American Cars	160,894	153,877	152,543	765,754	2,583,341	2,547,698
N. American Trucks	78,288	68,389	76,078	368,420	1,152,89*	1,196,304
North American Cars and Trucks	239,182	222,266	228,621	1,134,174	3,736,232	3,744,002

*—Revised estimate. **—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

March car output lowest since '83

By Kathy Boyer
Detroit Reporter

Production of domestic autos in March dropped to a three-year low for that month because of cutbacks and the Easter holiday.

The total output of 667,262 cars was the lowest for March since the 589,394 assembled in 1983. It was also the lowest for any month since last December.

The March build was 5.04 percent below February's 702,698 and 10.73 percent below the year-ago month's 747,433.

Last week's targeted production of 135,224 cars was 2.34 percent more than the previous week's 132,138. The past two weeks were four-day work weeks.

Last week's total was 1.78 percent below the year-ago week's 137,670.

The manufacturers shared last week's scheduled production as follows: General Motors, 54.83 percent; Ford Motor Co., 24.64 percent; Chrysler Corp., 14.57 percent; Honda of America Mfg. Co., 2.51 percent; New United Motor Mfg., Inc., 2.27 percent, and Volkswagen of America, 1.18 percent.

Nissan Motor Mfg. Co., U.S.A., shut down its car-assembly line in Smyrna, Tenn., last week.

The production halt, which will last about four months, is to retool in preparation for the Sentra four-door sedan.

American Motors' Kenosha plant remained idle last week for inventory adjustment.

GM announced that it will drop one of the two shifts at its Arlington (Tex.) plant, which assembles the Chevrolet Monte Carlo and Oldsmobile Cutlass Supreme. The cutback is effective April 14.

Production of the Chevrolet Camaro and the Pontiac Firebird at GM's Van Nuys (Calif.) plant will also be reduced from two shifts to one, effective June 9.

GM also said it will reduce output of the Chevrolet Corvette at Bowling Green, Ky., effective April 14.

One shift will be dropped at that plant, and six units an hour will be added to the remaining shift.

GM's Fiero plant in Pontiac will cut production of that model by eight units per hour on each of its two shifts, effective April 28.

The cutbacks at GM, to adjust inventories, will result in 4,700 indefinite layoffs, the company said.

Overtime was slated at Ford's Wayne (Mich.) plant Saturday (April 5).

Ford scheduled overtime Saturday (April 12) at its Wixom (Mich.) and Atlanta plants.

Chrysler slated Saturday (April 5) overtime at its St. Louis (No. 2) plant.

The same plant is scheduled for daily overtime this week (April 7).

MAP factory ready to roll

General Motors' much-bugled factory of the future will start up in 1987 in Saginaw, Mich.

However, the first application of manufacturing automation protocol (MAP), a machine-to-machine communications system GM calls absolutely essential to the success of such a plant, will be up and running next month some 500 miles to the south at the Corvette plant in Bowling Green, Ky.

Automation still is the biggest thing in manufacturing today and, in automation, the big thing is MAP, which first appeared as a GM cause in 1982.

By mid-1985, it had been picked up by the other auto makers and their suppliers. They say that without MAP, which is still being developed, automated machines in a factory would create islands of automation with a resulting loss of effectiveness.

At Bowling Green, 62 robots are being installed to build chassis, work that previously was done manually. Fifty of those robots will do spot welding, six will do arc welding—an unusual job for robots because it is hard to automate—and six will do wire brushing of the arc welds.

Asea Robotics, Inc., based in New Berlin, Wis., and part of the Swedish Asea Group, is the supplier of the robots and a product called MAP network interface adapter.

"The plant will become the first to use a MAP network in production," said Charles Tur, vice president, robotic systems.

GM has told machinery suppliers that if they plan to keep doing business with GM, their products must be compatible with MAP.

CANADIAN CAR	Week Ended April 5, 1986	Week Ended April 6, 1985	Week Ended March 29, 1986	March Total	Jan. 1, to April 6, 1985	Jan. 1, to April 5, 1986
AMERICAN MOTORS	120	0	94	354	2,752	1,651
FORD MOTOR	11,645	6,866	9,603	45,083	133,657	148,122
GENERAL MOTORS	13,680	9,161	10,528	52,201	122,777	142,418
VOLVO	225	180	180	854	2,964	2,896
Total Cars, Canada	25,670	16,207	20,405	98,492	262,150	295,087

U.S. TRUCK☆	Week Ended April 5, 1986	Week Ended April 6, 1985	Week Ended March 29, 1986	March Total	Jan. 1, to April 6, 1985	Jan. 1, to April 5, 1986
CHEVROLET	20,213	17,792	20,682	101,131	310,065	328,719
DODGE	300	3,664	132	134	54,780	434
FORD	24,676	20,505	24,451	116,727	320,037	387,929
GMC	7,361	5,670	5,972	30,499	91,075	99,549
NAVISTAR	1,600	1,318	1,290	6,019	21,609	20,019
JEEP	0	3,138	3,132	16,215	55,026	54,617
NISSAN	2,260	1,248	1,692	8,476	32,194	20,309
AM GENERAL	50	40	50	200	670	672
MISCELLANEOUS	2,400	1,376	2,400	9,600	25,556	31,000
Total Trucks, U.S.	58,860	54,751	59,801	289,001	911,012	943,248

CANADIAN TRUCK	Week Ended April 5, 1986	Week Ended April 6, 1985	Week Ended March 29, 1986	March Total	Jan. 1, to April 6, 1985	Jan. 1, to April 5, 1986
AMERICAN MOTORS	816	0	616	2,264	0	2,915
CHRYSLER	8,624	5,976	7,818	37,247	112,744	120,375
FORD	3,648	2,947	3,042	14,308	46,708	46,512
GENERAL MOTORS	6,120	4,522	4,621	24,774	79,215	80,705
NAVISTAR	220	193	180	826	3,212	2,549
Total Trucks, Canada	19,428	13,638	16,277	79,419	241,879	253,056
N. American Trucks	78,288	68,389	76,078	368,420	1,152,891	1,196,304

☆—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

Truck production slips in March to 3-year low

U.S. truck production for March—289,001 units—was 2.18 percent below February's 295,452 and 1.86 percent less than the year-ago month's 294,486.

Last month's build was the lowest for March since 1983, when 217,957 trucks were assembled.

Last week's scheduled production of 58,860 trucks was 1.57 percent below the previous week's 59,801.

The past two weeks were four-day work weeks, due to the Easter holiday.

Last week's build was 7.50 percent more than the year-ago week's 54,751 (also a holiday week).

So far this year, 943,248 trucks have been assembled, 3.54 percent more than the 911,012 completed last year at this point.

General Motors announced it will increase production of heavy-duty trucks at its Pontiac plant from five to six units per hour, effective May 5.

Beginning April 1, production of special commercial and recreational-vehicle chassis at GM's Detroit plant was increased by two units per hour.

Saturday (April 5) overtime was slated at the following GM plants: Janesville, Wis.; St. Louis; Baltimore; Flint, and Detroit.

Ford's Twin Cities plant was also scheduled for Saturday overtime.

Ford has scheduled Saturday (April 12) overtime at that plant and at Norfolk.

Canada notches gains in March vehicle output

Canadian vehicle makers reported production gains last month.

Auto production in March was the highest of any month since last November.

Last month's output of 98,492 cars was 10.95 percent more than February's 88,772 and 22.21 percent better than the year-ago month's 80,595.

Truck makers built 79,419 vehicles in March, 4.39 percent more than February's 76,081 and 1.62 percent above the year-ago month's 78,154.

Last week's estimated output of 25,670 cars was 25.80 percent more than the previous week's 20,405 (a holiday week).

Last week's build was 58.39 percent more than the year-ago week's 16,207 (also a holiday week).

Scheduled output of 19,428 trucks last week was 19.36 percent more than the previous week's 16,277.

Last week's targeted production was 42.45 percent more than the year-ago week's 13,638.

C2700-1

Automotive News

April 14, 1986

©Entire contents copyright, 1986, by Crain Automotive Group, Inc. All rights reserved.
Reproduction or use of editorial content in any manner without permission is strictly prohibited.

60th year—$50.00 per year, $1.25 per copy

Key concern at TRX-86 is survival

By Joseph Bohn
Truck Editor

ANAHEIM, Calif.—TRX-86, the American Truck Dealers' 23rd annual convention, is in session here, and survival has become a paramount concern for many participants.

The convention began last Saturday. It ends tomorrow.

This year's issues are complex and vital. But the industry's resiliency is expected to carry it through to a strong, solid future.

Dealers and manufacturers are wrestling with declining demand, escalating competition and cross-currents of legislative, technological and economic changes.

Class 8 heavy-truck sales are expected to decline 5 to 15 percent this year from 1985's 133,500 level, and some downturn in Class 6-7's 145,300 sales is also anticipated.

The decline comes at a time when six new foreign competitors have entered the market, exacerbating the oversupply of product and manufacturing capacity.

The customer base also has been shrinking and shifting, as Peter E. Rupp, president and chief executive officer of Freightliner Corp., pointed out.

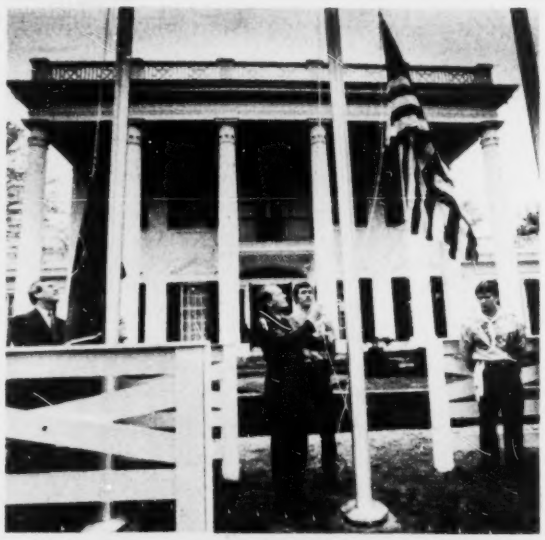
The emergence of larger fleets and leasing companies has stiffened competition in the user end. Since 1980, carriers accounting for 25 percent of general U.S. freight revenues have gone out of business.

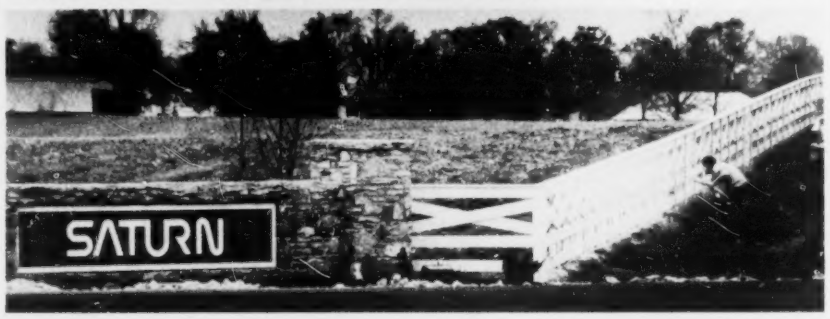
Product liability costs are skyrocketing. The economy's shift from manufacturing goods to providing services has led to lower fleet activity and equipment utilization. And significantly extended truck replacement cycles are dampening demand.

The growth of intermodal transportation and new legislative proposals also pose constant threats to the industry.

For example, Senator Bob Packwood, Oregon Republican, recently proposed a bill that

Please turn to Page 34, Col. 4





Saturn dedication

Tennessee Gov. Lamar Alexander raises the U.S. flag in front of the Haynes Haven farmhouse in Spring Hill, Tenn., as Saturn President Richard LeFauve and two Eagle Scouts look on. Below, a work crew finishes the last bit of fence painting before last week's Saturn site dedication. General Motors has promised to nestle the complex behind hills and trees to preserve the beauty of the rolling farmlands. Stories on Page 6.

Joe Wilssens photos

AMC plant is opposed by Renault

By Richard Johnson
Detroit Reporter

Renault officials in France are strongly resisting American Motors' plan to build a new assembly plant in North America, sources say.

As a result, AMC executives are reportedly trying to package a deal more attractive to Renault's board of directors and top officials —essentially by focusing on a new Jeep plant rather than on a car plant.

There are also signs that AMC may be reconsidering its decision to close the Kenosha plant after Alliance and Encore are phased out in 1989.

According to sources with ties to the Renault board of directors, AMC has been unable to convince the French auto maker to back plans for a new assembly plant in the U.S. At the Renault board meeting in March, President Georges Besse reportedly vowed that there would be no new North American plant once the Bramalea (Ont.) plant is completed in 1987.

The State of Wisconsin's proposal to attract a highly-automated new assembly facility to replace Kenosha and possibly also the Toledo Jeep works, hinges on a financial commitment from Renault, which owns 46.1 percent of the

Please turn to Page 64, Col. 1

Sales slowdown inflates car inventory

By Kathy Boyer
Detroit Reporter

The March sales slowdown boosted the number of new domestic cars in dealer and factory inventories to 1,906,998 on April 1, the highest total since Aug. 1, 1979, when the count was 2,026,-294.

Production dropped in March, but sales declined even more, resulting in a larger stockpile. Unless the spring sales pickup materializes, more production cuts could be in the offing.

That April figure represented a 76-day supply of cars—the highest since Dec. 1, when a 78-day supply was reported.

The April 1 inventory was up from 1,867,265 a month earlier. It was in sharp contrast to the situation a year ago, when the April 1 number was 1,572,998.

The 76-day supply compared with 73 a month earlier and 53 on April 1, 1985.

General Motors, American Motors and Volkswagen experienced increases in days' supply during March. All three have cut production in efforts to make their stockpiles more manageable.

The April 1 inventories were split this way: GM, 61.06 percent; Ford Motor Co., 19.36 percent; Chrysler Corp., 16.25 percent; American Motors, 1.81 percent; Volkswagen, 1.00 percent; Nissan, 0.28 percent, and Honda, 0.24 percent.

One month earlier, the split was: GM, 61.03 percent; Ford, 19.16 percent; Chrysler, 16.21 percent; American Motors, 1.88 percent; Volkswagen, 1.02 percent; Honda, 0.35 percent, and Nissan, 0.35 percent.

The shares by size class on April 1 were: Subcompact, 17.01 percent; compact, 22.09 percent; intermediate, 38.08; standard, 13.04, and luxury, 9.78.

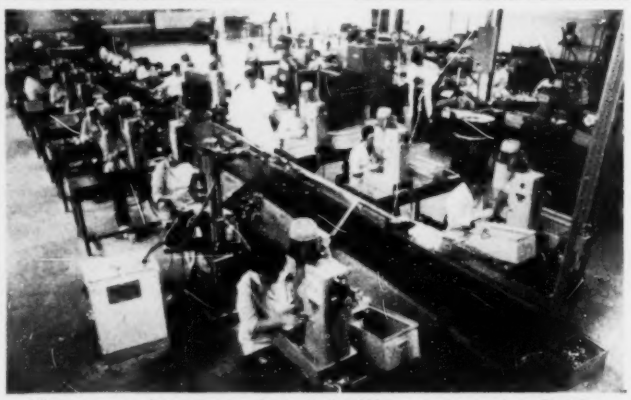
On March 1, the percentages were: Subcompact, 16.97 percent; compact, 22.15 percent; intermediate, 37.25 percent; standard, 13.29 percent, and luxury, 10.34 percent.

The month opened with a 69-day supply of subcompacts. Days' supply by nameplate were: Accord, 8; Sentra, 19; Escort, 51; Chevette, 57; Lynx, 61; Horizon, 65; Omni, 66; Golf/GTI, 80; Pontiac 1000, 80; Turismo, 97; Daytona, 98; Charger, 103; Alliance, 118; Nova, 145; Fiero, 155; Laser, 156, and Encore, 229.

There was an 80-day supply of compacts: Mustang, 61; Tempo, 62; Topaz, 67; Firebird, 71; Reliant, 79; Cavalier, 81; Aries, 82; Camaro, 88; Cimarron, 91; LeBaron, 93; Sunbird, 102; Skyhawk, 104; Capri, 119; Firenza, 128, and Eagle 136.

The 81-day supply of intermediates was shared this way:

Please turn to Page 63, Col. 4



Magna produces nearly 5,000 different parts for OEMs

NEWSPAPER
**********5-DIGIT 20814
ACODEACODE AN 861595 99 IAZ
ACO EDITOR
ACO EDITOR SRI
CONGRESSIONAL INFO SERV
4520 EAST-WEST HWY STE800
BETHESDA MD 20814

Magna—a unique heavyweight in tough world of auto parts

Richard Johnson
Detroit Reporter

Searching for excellence?

Magna International, the storied, vastly diversified Toronto-area "super-supplier" believes it has found it in the form of a unique corporate culture.

More than a byword, buzzword or catch-phrase, Magna officials say their culture—and Magna's profit-sharing, pensionless compensation system—has encouraged the entrepreneurial spirit.

Magna, they say, is teeming with go-to-it type managers and employes working in dozens of small, non-union companies and honed to a sharp edge by tough intramural competition.

It is a decentralized corporation whose day-to-day affairs are overseen by a youthful triumvirate, while a sage founder, chairman and CEO named Frank Stronach—reportedly the highest paid executive in the Canadian auto industry last year—tends to broad, philosophical concerns.

Many of the key operating group and divisional managers are not products of prestigious business schools, but rather European tool and die shops.

The company is anchored by a corporate constitution that spells out objectives in unmistakably clear language. Yet Magna, with its more than 7,500 employes, is a quiet company: Relentless but low-key. One for the corporate anthropologists.

The first thing an anthropologist would study is the bottom line. Net income was $43.19 million (Canadian) in 1985, up 37 percent over the previous year.

Magna's Silicon Valley-style growth curve resembles more a maker of computer chips than car parts. Since 1980, sales have risen from just over $150 million annually to $1 billion—the objective Magna may well achieve for the fiscal year which ends July 30. And Magna expects to continue growing by annual

Please turn to Page 46, Col. 1

Extended versions of Chrysler's minivans will go on sale in the middle of the 1987 model year. The stretched versions' wheelbase is seven inches longer than current models; they are 14.6 inches longer overall.

Will Iacocca run? Editors left guessing

By Helen Kahn
Washington Bureau Chief

WASHINGTON—Lee Iacocca's latest sally into Washington had the American Society of Newspaper Editors laughing along but still wondering whether he really will be a serious candidate for President.

The Chrysler Corp. chairman began and ended his speech with teasing remarks about whether he will or will not run for President—leaving the center free for the usual remarks.

But it was the political talk that garnered the most interest. Although Iacocca said he is not "running for anything except maybe my life," he never quite disavowed the job.

He said that Joseph Califano, Secretary of Health, Education and Welfare under President Johnson and now a Chrysler director, had told him he had the "right stuff to be President because I have the ability to read two cards without moving my eyes"—a reference to President Reagan's use of 3x5 cards.

He also joked that his "personal choice" for running mate is Dr. Ruth Westheimer—the noted TV sex specialist—because "I can tell her what to do and she can tell everybody how to do it!"

Finally, Iacocca said it had taken him 40 years to learn the car business and "I can't switch from brain surgery to being a chiropodist or whatever."

But after disqualifying himself as "no politician," he added that just a night earlier, a Chicago audience had told him that was why they wanted him.

Aside from the political concerns, Iacocca touched on the need for a gasoline tax of 25 cents per gallon or 15 cents plus a $5 fee on each barrel of imported oil, either of which would bring in $25 billion a year.

He also discussed the need to hold the line on CAFE standards, lest General Motors and Ford Motor Co. reap a windfall of $750 million, to the detriment of the taxpayers and the budget.

He spoke of the need for a "level playing field" with the Japanese (although the dollar/yen ratio is better) and the need for low interest rates to continue.

Iacocca said he is not "dancing in the street" although Chrysler's first quarter profits (to be announced this week) are "very good."

$1,000 price hike by Japanese is a possibility, Iacocca says

By Mary Connelly
Detroit Reporter

Japanese auto manufacturers will be forced to raise prices, possibly as much $1,000, in the next six months to offset the strengthening of the yen against the U.S. dollar, Chrysler Corp. Chairman Lee A. Iacocca predicted last week.

Speaking in Chicago as part of a 10-city tour to preview upcoming models, Iacocca said, "I'm still waiting for the full price increase from that stronger yen. I believe they will have to make some adjustment in the next six months, maybe up to another $1,000 increase."

Iacocca said Japanese makers have raised prices an average of $1,025 in the last six months.

"Historically, they've usually priced to accommodate about 70 percent of any change in currency over time," he said. "The yen has already gotten 30 percent stronger but they've added only 10 percent to the stickers. They owe us about another 10 percent and another grand."

Iacocca also said he is "befuddled" by General Motors' 2.9 percent price hike in a "sluggish market." The increase is effective today (April 14).

"It could be one of those classic cases of raising prices and then offsetting it with a massive financing or incentive program," he said. "So we've got to keep our powder dry."

Iacocca last week also reminded UAW workers at Chrysler's Belvidere (Ill.) assembly plant that they face a Monday (April 14) deadline in reaching a so-called progressive labor contract to assure the plant's future.

Chrysler is seeking streamlined work rules and a reduction in the 120 production classifications at the plant in an effort to boost productivity and efficiency. Iacocca said savings would be "substantial."

"There ain't any more cushy jobs in this country," he said. "You either want to compete or don't want to compete. With outdated work rules that raise your costs and often affect your quality, then you take the next ship east, Far East that is."

The two sides have been talking since January when the company said it would produce its 1988 full-sized, front-wheel-drive C-body models at the plant if the union agreed within 90 days to a labor agreement patterned after the contract at its Sterling Heights (Mich.) plant. The C-cars will replace Chrysler's current rear-drive cars.

Please turn to Page 66, Col. 4

Chrysler hikes import prices

Chrysler Corp. last week raised the prices of the imported Mitsubishi cars that are sold by Dodge and Plymouth dealers.

The increase averaged 3.9 percent and amounted to $295 on Colt sedans and hatchbacks, $422 on the Colt Vista wagon and $97 on the sporty Conquest hatchback.

The base Colt hatchback went up $214 and now is $5,847. Other Colt hatchbacks and sedans rose $314-$316. The top model is the Premier four-door sedan at $8,209.

The Conquest was hiked $97, to $13,837, and the Vista boosts were $421 on the two-wheel-drive version and $422 on the 4WD unit. Prices are $9,799 with 2WD and $10,924 with 4WD.

Since the 1986 model year began, Colt prices have risen an average of $686, or 10.89 percent. The Conquest is up $1,273, or 10.13 percent, and the Vista models have climbed an average of $1,097, or 11.83 percent.

Chrysler attributed last week's hike to increases by Mitsubishi due to appreciation of the Japanese yen. There were no changes in destination charges or dealer discounts last week.

Industry wins round on depreciation

By Geoff Sundstrom
Washington Reporter

WASHINGTON—In a victory for auto industry lobbyists, the Senate Finance Committee last week decided to adopt a three-year depreciation period for passenger cars and light trucks used for business purposes.

The committee's original tax-reform package called for a five-year depreciation schedule.

The victory is not complete, however, because lawmakers adopted straight-line depreciation for those vehicles rather than the 150 percent depreciation in three years in the current law.

Increasing the time it takes to depreciate a vehicle could cause major dislocations in the automotive market, industry representatives told the committee.

If it takes longer to recover vehicle investments, many businessmen might put off buying replacement units. Others could turn to vehicle leasing. Those actions have huge significance for the auto industry because one out of every three cars sold in the U.S. is sold to a business firm, the committee was told.

Industry representatives argued that the five-year writeoff did not reflect the average useful life of business vehicles. They said that higher mileage accumulated over a shorter period of time causes business vehicles to depreciate at a faster rate than private autos.

The committee agreed by voting 15-5 to accept the three-year schedule. That was coupled, however, with straight line depreciation, a method that would restrict writeoffs to 100 percent of a vehicle's value distributed evenly over the three years.

Despite the Finance Committee's action last week, there may be a delay in getting the tax bill to the Senate floor. By a 72-24 vote, the Senate approved a resolution suggesting that there be a budget agreement between the President and Congress before tax reform is considered.

The committee also voted last week to create a separate depreciation schedule for heavy-duty trucks, divided into productive and non-productive classes. Under the committee's plan all heavy-duty vehicles can be depre-

Please turn to Page 61, Col. 1

Tax reformers would help leasing

By Geoff Sundstrom
Washington Reporter

WASHINGTON—If Senate tax reformers have their way, leasing a new car will become increasingly attractive to potential buyers.

Dealers will not like the proposed tax changes, however, since the cost of car ownership will increase, which might affect sales.

According to NADA, the cost of car ownership will increase if two proposals of the Senate Finance Committee are adopted. One would limit the interest deduction for federal income tax to $2,000, and the other would eliminate the deduction for state sales taxes. There is no limit on interest deductions now.

The proposals are part of the Senate tax-reform package. NADA said they would result in higher prices for vehicles because tax benefits now available to car buyers would be lost.

On the other hand, persons who lease a vehicle might not incur those higher costs. Some leasing companies are in a better position than individual buyers to absorb the increased costs from tax reform and might not pass them on to customers.

According to NADA, eliminating the state sales-tax deduction would be equivalent to a $210 price increase on a $12,000 car bought by a taxpayer in the 35 percent bracket who lives in a state with a 5 percent sales tax.

NADA said that during their first year of car ownership, a second price increase of $300 to $400 would also result for many buyers whose interest deductions exceed $2,000.

That increase would be in the form of nondeductible interest and would continue at diminishing levels each year throughout the life of the loan.

Though the $2,000 ceiling for interest deductions would not present a problem to many individuals, the cap would penalize businesses, which buy one out of every three cars sold.

According to John Fitch, executive director of the American Automotive Leasing Assn., car buyers may turn to leasing as a way to escape those penalties. He said that would be especially true in the case of persons planning to acquire business vehicles.

Those who find themselves above the allowable ceiling on interest deductions will be looking for ways to reduce interest expenses, he said. Switching to vehicle leasing would be an attractive way for many businesses and individuals to reduce nondeductible interest costs, he said.

John Deere to cast engine blocks for GM

By Dave Zoia
Detroit Reporter

Deere & Co. has won a bid to supply 4-cylinder engine blocks to General Motors for 1987-88 N-body cars. It is a multimillion-dollar contract that hits hardest at GM's own Central Foundry Division.

Deere confirmed last week that it has begun producing blocks for the shortened version of GM's 2.5-liter, 4-cylinder engine, which is assembled at the Chevrolet-Pontiac-Canada Group plant in Pontiac. The short 2.5 is used solely in GM's N-body cars—Pontiac Grand Am, Oldsmobile Calais and Buick Somerset/Skylark.

Deere may supply up to 1,600 blocks daily, according to reports.

On the losing end is Central Foundry, which had provided the blocks for the Pontiac engine. Neither Central Foundry nor CPC would comment on the switch in sourcing.

Deere, which will supply the auto maker from its highly automated foundry in Waterloo, Ia., said it netted the GM contract mainly on cost and quality.

"GM looked for three things in considering our bid," said a Deere spokesman. "We had to have proper metallurgical control and proper dimensional control in producing the castings.

"Third, we are the only company in the world that has developed and patented the 'Polyloc'

Please turn to Page 64, Col. 4

index

Advertising news	48
Auction reports	50-52
Book reviews	60
Classified advertising	53-60
Dealing with dealers	16
Editorial page	10
Extra section	E1
Obituaries	61
Personnel	60
Production by makes	61
Registrations, car	30
Sales, truck	12, 20
Truck highlights	12

60th year—No. 5122

AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in April at 965 E. Jefferson, Detroit, MI 48207. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207.

ATD names Howard top dealer

Gary L. Howard, president of Fresno Truck Center, Fresno, Calif., won NADA's 1986 Truck Dealer of the Year award.

The award, sponsored by Business Week, was presented at the NADA American Truck Dealers Division's 23rd annual convention in Anaheim, Calif.

Howard's Fresno Truck Center retailed 184 Freightliner and 19 White trucks in 1984—a 204-unit total that gave it a 56.4-percent share of the local market.

The dealership has held a 45- to 50-percent market share in Central California for 10 years.

A major truck dealer for 20 years, Howard was Freightliner's National Dealer of the Year in 1979 and Western Dealer of the Year in 1982, 1983 and 1984. He also was White Motor's Western Dealer of the Year for six consecutive years from 1973 to 1978.

He also operates several other dealerships, retailing Freightliner, White and Western Star at Bakersfield Truck Center, Bakersfield, Calif.; GMC, Western Star and Iveco at Central Valley GMC, Fresno, and Freightliner and Isuzu at Golden Gate Truck Center, Oakland.

Larry L. Howard

Volvo launches new FE Series

GREENSBORO, N.C.—Volvo White is launching a new line of distribution trucks and tractors for the food, beverage, air-freight and other key regional and local distribution markets.

Known as the Volvo FE Series, the new trucks are being introduced to dealers this week.

They are designed specifically for urban congestion, gridlock and other city traffic conditions, and also for regional transportation where fuel economy and highway speed are important.

Volvo expects to retail 2,000 of the new units from April through December, 1986.

It expects to retail just under 2,700 carryover and brand new FE6 and 7 models during 12 months of calendar 1986, according to officials.

Frank Roehrig, product manager at Volvo White, said the new trucks feature more interior space, a 20-percent increase in window area and more fuel economy than any of the firm's previous distribution trucks.

The vehicles also have increased maneuverability and engine durability.

The FE's cab, produced at Volvo's new facility in Umea, Sweden, uses galvanized steel to ward off rust and corrosion.

Driver entry and exit is improved with a staircase of low and wide non-slip steps and two well-positioned grab handles.

A low floor height and a wide 90-degree door opening further enhance ingress and egress.

A front spoiler, increased windshield rake and rounded corners improve the FE cab's aerodynamics.

The FE cab has a powerful heating and ventilation system. To avoid drafts, treated air is distributed at low velocity through 19 nozzles in the cab. A filter traps dust or pollen before it enters the cab.

All daily servicing points, including the battery box, are easily accessible around the cab.

The FE series is powered by new TD61 and TD71 engines with air-to-air intercoolers. They include features like heavy-duty cylinder blocks, drop-forged and nitrocarbonized crankshafts, new-generation turbocharger and gear-driven water pumps.

Both engines are designed for increased fuel economy, reliability, durability and performance.

The FE series features a new rear axle and suspension system. A choice of different springs improves performance for different applications. An anti-roll bar is standard.

FE models come with either a 12,000 or 10,000-pound front axle for increased payload. Tapered king pins with bearings are fully adjustable. The FE's ride is improved with springs with shackles and rubber bushings and by standard front shock absorbers.

The 48-degree wheel cut provides good maneuverability. Integral power-assist steering is standard.

The trucks feature a full air dual circuit brake system, designed for increased reliability and maintenance; a new foot brake valve for improved reliability, and a new gear-driven air compressor for longer service life. The compressor requires no belts.

All-new FE frames are constructed of high-tensile-strength material with more section modules.

Their lower weight increases payload capacity.

The frame is 34 inches wide, a

Please turn to Page 20, Col. 4

New Volvo FE—more roominess, visibility

Higher output, galvanized cab in tractor series

Volvo offers new engines in FE series

GREENSBORO, N.C.—Volvo has developed new 6-liter and 7-liter turbocharged diesel engines for its FE truck series.

The TD61 and TD71 engines with air-to-air intercooler reduce maintenance costs by offering access to all components, including inspection and fill points, filters, valves and timing.

Both the gear-driven water pump and crankshaft-driven cooling fan do away with belts.

The new 205-HP TD61F 6-liter engine is intercooled, while the 174-HP engine on the two lightest FE6 truck models remains non-intercooled.

They are all 6-cylinder, in-line, 4-stroke engines, equipped with an oil cooler and full-flow and bypass oil filters as well as two pressure line fuel filters.

They also have a built-in electrical preheater for intake air, designed to assure easy cold weather starting.

Engine durability is enhanced by heavy-duty cylinder blocks. The crankshaft is drop-forged and nitrocarbonized for higher strength and longer life.

Two separate cylinder heads use more bolts for improved sealing and combustion.

New fuel-injection equipment, including pump and four nozzle injectors, improve combustion and economy.

A redesigned combustion chamber, improved cylinder temperature control and improved cooling system also increase economy.

A new oil pump, lubrication and new intake manifold improve performance.

truck industry news

Truck sales drop 5 pct. in March

By Joseph Bohn
Truck Editor

Truck manufacturers retailed 400,543 trucks in March, off 4.8 percent from 420,909 in March, 1985.

Sales in all segments were down.

Light-duty sales of 378,057 were off from 395,361 a year earlier.

Within the light segment, Ford sales of 105,787 were off from 117,729 last March; Chevrolet sales of 100,289 were down from 111,170; Chrysler sales of 49,102 were down from 61,899, and GMC

Table on Page 20

sales of 25,138 were off from 26,366.

Jeep, with record sales of 13,806, was up from 12,375. The imports, with record sales of 83,935, were up from 65,822 in March, 1985.

Nissan's resurgence was a big factor, sparking the import increase. Nissan sales were up after being down the two previous months.

Ford retailed a total of 111,066 light, medium and heavy trucks in March, off from 122,538 last year. Chevrolet retailed a total of 102,059 trucks, off from 112,716. And GMC retailed a total of 28,984, off from 30,005.

Medium-duty sales of 3,941 were off from 4,507 in March, 1985. Within the segment, Class 5 sales of 414 were up from 235 a year ago; while Class 6 sales of 3,527 were down from 4,272 last year, according to preliminary MVMA reports. No sales of Class 4 trucks were reported.

Heavy-truck sales of 18,545 in March were off from 21,041 a year ago.

They included Class 7 sales of 9,004, up from 8,017, and Class 8 sales of 9,541, off from 13,024 a year earlier.

Meanwhile, first-quarter sales of 1,094,418 were off from 1,154,828 in like 1985.

Light-duty sales of 1,034,478 were down from 1,087,826 in the first quarter of 1985.

Ford light-duty sales of 293,297 were off from 312,113.

Chevrolet sales of 283,187 were off from 307,412.

Chrysler sales of 129,115 were off from 160,914.

GMC sales of 71,558 were off from 73,845.

Jeep sales were a record 47,166, up from 38,179.

The imports had record sales of 210,155, up from 195,363.

In total, first-quarter Ford sales of 305,781 were off from 326,165 a year earlier.

Chevrolet's total sales of 287,944 were off from 311,960. And GMC's total of 81,924 was off from 82,850.

Medium-duty sales of 10,909 in the quarter were off from 12,423 a year ago.

Heavy truck sales of 49,031 were off from 54,579.

They included Class 7 sales of 23,304, up from 21,620 last year, and Class 8 sales of 25,727, off from 32,959 in the first quarter of 1985.

truck personnel

Downham adds sales, service jobs at DDA

Donavon F. Downham has been appointed general director, planning, marketing, sales and service for Detroit Diesel Allison Division.

Donavon F. Downham

He was previously general director of marketing and planning and picked up responsibility for sales and service from **Alvin B. Goodspeed,** who retired April 1. Downham has been with General Motors since 1954.

Blumenstein heads Rockwell axle sales

Rockwell International's Automotive Operations appointed **David C. Blumenstein** vice president, sales/marketing and government products of its On-Highway Axle Division.

In addition to sales and marketing of the division's products, he is also responsible for sales, engineering and service parts for Automotive's government products.

Rockwell also named **Robert J. Sitler** vice president, customer relations, for the On-Highway Axle Division. He is responsible for developing and maintaining relationships with Rockwell's major axle customers.

J.F. Kent Darragh was named general manager, Service Parts Division. Darragh is responsible for sales, marketing and operations in the service parts business.

Snyder named head of Cummins Southwest

W. Patrick Snyder has been named president of Cummins Southwest, Inc., the Phoenix distributor for Cummins Engine Co.

Snyder, previously vice president and general manager—Worldwide Operations for Cummins, succeeds **Charles Martin,** a former Cummins officer, who retired.

Mack names Rhoads head of powertrains

Mack Trucks named **Ross H. Rhoads** general manager-Powertrain Operations.

General manager—service products since 1981, Rhoads assumed responsibility for all production at Mack's Hagerstown (Md.) facility.

Fruehauf names Glazer head of LBT Division

Fruehauf Corp. promoted **Richard S. Glazer** to vice president-general manager of its Liquid & Bulk (LBT) Division.

A 25-year Fruehauf veteran, Glazer succeeds **Leon Alexander,** who earlier was promoted to direct Fruehauf's trailer operations group in Detroit.